

Small change would save big bucks in shift to dollar coin

By Roger Boye

The Federal Reserve System has concluded that Uncle Sam would save nearly \$400 million a year if it were to replace \$1 bills with circulating dollar coins.

The Fed's analysis echoes studies by others that a dollar coin

would make sense—and cents—for American taxpayers.

"Paper is difficult to count and process; coins are easy," said U.S. Rep. Jim Kolbe (R-Ariz.) at a congressional hearing last month. "Coins are reusable; paper is disposable. Coins save money."

Legislation sponsored by Kolbe

would force the Treasury to issue a smooth-edged, gold-colored dollar coin with "a design recognizing America's veterans." The proposal also calls for phasing out \$1 Federal Reserve notes starting six months after the first dollar coins enter circulation.

In the hearing last month, a Federal Reserve administrator

said that if Kolbe's bill were enacted the government would save much money, in part because of lower production costs. A coin lasts in circulation for 20 years or more, while a paper dollar normally wears out in less than 18 months.

Research by George T. McCandless Jr., a University of Chicago economics professor, suggests that the savings for Uncle Sam might reach \$860 million a year and that mass transit systems would save at least \$100 million more if a dollar coin were used nationwide.

"A quarter of 1960 has approximately the same purchasing power as a dollar today," McCandless said in a statement

prepared for the hearing. "Continuing inflation (even at 5 percent a year) will make the entire coinage system small change."

McCandless added that some people believe debit cards should be used for public transportation, parking meters and toll collection. Such proposals "are clear evidence that the current coinage system is not fulfilling its functions."

(Last year, the Chicago Transit Authority spent \$22 to count 1,000 paper dollars, against \$1.64 to process the same number of coins, the CTA said. Coins can be counted by machine, while bills must be unfolded and flattened by hand, an expensive, labor-intensive process.)

Dead nations are live issues for collectors

By Dominic Sama

A challenge for collectors is tracking down stamps of "dead countries," those territories put out of existence by war or politics.

The Canal Zone, for example, issued its first stamps on June 24, 1904, and ceased postal operations on Sept. 30, 1979. In be-

tween, stamps were printed with three different names.

The first stamps in 1904 were Panama 2-, 5- and 10-centavo definitives depicting the map of the country and overprinted diagonally with "Canal Zone" and vertically with "Panama" along the right and left border. A red bar was also printed to blot

out "Republica de Panama" across the top of the stamps.

Assorted varieties of the overprints exist.

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